

**MINUTES OF ANNUAL MEETING
OF THE BOARD OF DIRECTORS OF
CITY OF TEMPE MUNICIPAL PROPERTY CORPORATION**

The annual meeting of the Directors of **CITY OF TEMPE MUNICIPAL PROPERTY CORPORATION**, a nonprofit Arizona corporation, was held at 11:30 a.m., Wednesday, November 12, 2003, at the Tempe Mission Palms Hotel, 60 East Fifth Street, Tempe, Arizona, pursuant to notice given in accordance with the public meeting laws.

Directors Lo Piano and Spears were present at the meeting. The following elected officials of the City of Tempe also attended the meeting:

Honorable Neil G. Giuliano, Mayor

Members of the Council

Pam Goronkin
Mark Mitchell

Also present at the meeting were Marlene A. Pontrelli, Tempe City Attorney, Will Manley, Tempe City Manager, Jerry L. Hart, Tempe Financial Services Manager, Cecilia Robles, Financial Services Department, Ken Jones, City Internal Auditor, and John C. Wesley, legal counsel to the corporation.

Dr. Lo Piano, Vice President, acted as Chairman of the meeting. At the request of the Chairman, Mr. Wesley acted as secretary of the meeting and kept the minutes thereof.

1. Call to Order. The Chairman noted the lack of a quorum of Directors and called the meeting to order at 12:00 o'clock noon. Mr. Wesley advised the meeting that, in his opinion, in view of the lack of a quorum, no formal action could be taken at this meeting. The Chairman determined nonetheless to proceed with the meeting to receive reports and other information.

2. Minutes of Previous Meeting. The Chairman confirmed that copies of the meeting held November 12, 2002, had been mailed by Mr. Wesley to all of the Directors. However, because of the lack of a quorum, no action was taken as to the minutes.

3. Review Financial Reports of Previous Year, Status of Bonds, Status of Projects Financed by the Corporation, and Potential Future Financing.

Mr. Wesley reported that the annual financial reports of the Corporation to the Internal Revenue Service, the Arizona Department of Revenue, and the Arizona Corporation Commission covering the Corporation's fiscal year which ended June 30, 2003, have been prepared, and copies of the reports were distributed to all the Directors. These reports are prepared by Mr. Wesley from the financial records of Bank One Arizona, N.A. (formerly The Valley National Bank of Arizona), which has acted as trustee and paying agent for all bonds issued by the Corporation. All bonds issued by the Corporation are now fully matured and paid except \$520,000 of the bonds issued in 1992 for the irrigation system at the Ken McDonald Golf Course (\$1,400,000 originally issued).


The reports show that during the fiscal year ended June 30, 2003, bonds in the face amount of \$105,000 matured and were paid. The amount of bonds outstanding at June 30, 2003, totaled \$630,000, but 7/1/03 maturities totaled \$110,000, so bonds currently outstanding are \$520,000.

Mr. Hart, Financial Services Manager, distributed an information sheet discussing the financial arrangements between the City of Tempe and the Corporation and some details of the issuance of the 1992 Golf Course bonds, a copy of which information sheet is attached to these minutes. In response to a question, Mr. Hart stated that no MPC financings are in present City plans.

4. Election of Directors and Officers. No action was taken with respect to the election of directors and officers. Mr. Wesley stated that, in his opinion, the following persons will simply maintain their positions and offices until a further meeting at which a quorum of directors is present:

Dr. Joseph C. Schabacker	Director and President
Dr. William J. LoPiano	Director and Vice President
Ms. Linda Spears	Director and Secretary
Dr. Robert L. Teague	Director and Treasurer

5. Adjournment. Mayor Giuliano expressed his appreciation, and that of the entire Council, for the assistance the Corporation and the Directors have given the City of Tempe over such a long period of time in helping to finance numerous City, public and community facilities, which have been of great benefit to the City. No other business coming before the meeting, the Chairman declared the meeting adjourned.


John C. Wesley, Secretary of the Meeting



NOTE 10 - LONG-TERM DEBT (Continued)

Tempe Municipal Property Corporation Bonds. In 1992, the Corporation issued \$1,400,000 of excise tax revenue bonds. Proceeds were used to renovate and replace the irrigation system at the City's Ken McDonald Municipal Golf Course and pay costs incurred to issue the bonds.

The City has entered into contracts with the Corporation whereby the City will pay the Corporation amounts sufficient to retire the above Corporation bonds and related interest. The City has collateralized all the bonds of the Corporation by a pledge of all excise taxes (transaction, franchise, privilege, business taxes, state-shared sales and income taxes, and fees for licenses and permits) which the City presently or in the future validly imposes or receives from other entities and which are not earmarked by the contributor for a contrary or inconsistent purpose. The City covenants and agrees that the excise taxes which it presently imposes will continue to be imposed in each fiscal year so that the amount of excise taxes shall be equal to at least three times the total obligation debt service requirements for all outstanding parity obligations in such fiscal year.

Tempe Municipal Property Corporation Bonds (TMPC) outstanding at June 30, 2003 are as follows:

\$1,400,000 1992 Excise Tax Revenue Bonds due in annual installments of \$70,000 to \$140,000 through July 1, 2007; interest rate at 5.5% to 7.1%; retirements are to a sinking fund account	<u>\$520,000</u>
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